

## **Plan of Procedure for the Division of a Kentucky Retirement System for Social Security and/or Medicare Coverage Purposes**

The procedures described below will generally be followed in the conduct of a divided vote referendum for social security and/or medicare coverage purposes to be held for eligible employees who are members of a public retirement system in Kentucky. These procedures are effective March 2, 2004 and are primarily based on KRS 61.410-61.500 and Section 218 of the Social Security Act.

The Division of Social Security may modify these procedures as needed. Please contact the Division at 502.564.3952 for specific, detail requirements applicable to a Kentucky political subdivision. These general procedures are only applicable to certain political subdivisions in Kentucky.

*The Kentucky Teachers Retirement System is a retirement system that may not be divided for social security and/or medicare purposes (See KRS 61.410 and KRS 61.430).*

### **1) Referendum Resolution and Date**

A political subdivision may request from the Division of Social Security (DOSS) a resolution that its governing body adopts to call for a divided vote referendum of social security and/or medicare coverage. The referendum may be requested for full FICA coverage (Social Security and Medicare) or Medicare-Only coverage. Upon receipt of an adopted resolution, DOSS will establish the date(s), time(s) and location(s) of the referendum. The referendum will be held no less than ninety (90) days after the referendum notice is given to eligible employees.

Notice of the referendum will be given to each eligible member of the retirement system on the referendum notice date, by the political subdivision and posted on all bulletin boards in the various, impacted departments of the political subdivision. The notice may also be posted on the web site or Intranet site of the political subdivision. Such notice will be furnished to the political subdivision by the DOSS.

Additionally, such notice shall be given, on the date they attain membership in the retirement system, to employees becoming members of said system after the referendum notice date, up to and including the date of the divided vote referendum.

### **2) Referendum**

Fifteen (15) business days after the referendum notice date, the political subdivision shall furnish the DOSS with a list of all eligible members of the retirement system, as of the date of the Notice of Referendum. The political subdivision shall provide periodic updates to the listing based on applicable resignations, terminations, appointments and other personnel actions.

The DOSS will organize and conduct educational workshops for eligible employees during the ninety (90) day referendum notice period.

On the referendum date, a referendum election ballot will be provided to each eligible member of the retirement system. If supplied by mail, the ballot will be sent by first class mail. Instructions deemed necessary to insure understanding of the voting procedure and deadline for return of the ballot will be included.

Employees who will not be present or who otherwise will be unable to indicate a choice on the referendum date may request an absentee ballot.

Failure to properly execute and return a ballot on the referendum date or within the absentee ballot period shall be deemed an election by the member to be included in the part or division of the retirement system that does not desire social security and/or medicare coverage.

On the referendum date, the DOSS will establish a list of members of the retirement system who are eligible to participate in the divided vote referendum. On the referendum date, the referendum ballots will be canvassed by the DOSS.

## **Plan of Procedure for the Division of a Kentucky Retirement System for Social Security and/or Medicare Coverage Purposes**

The DOSS will indicate the choice of each eligible member by listing the eligible member names, social security numbers and their election as to social security and/or medicare coverage. The election made by each eligible member will be indicated as follows:

YES - Member desires to be covered under social security and/or medicare.

NO - Member desires not to be covered under social security and/or medicare.

NR - Member did not return the referendum ballot and will not be covered under social security and/or medicare.

The Division of Social Security will forward to the political subdivision copies of all referendum ballots and a certified copy of the listing of eligible members indicating the choice of each member.

### **3) Plan and Agreement**

The DOSS, after the conduct of the referendum, will furnish the political subdivision two, partially completed Plan and Agreement or two, partially completed Amendments to an existing Plan and Agreement. The Plan and Agreement or Amendment will be executed by the political subdivision no later than sixty (60) days after the date of the referendum.

### **4) Modification**

Upon receipt of a properly executed Plan and Agreement or Amendment from the political subdivision, the DOSS shall execute a modification to the Commonwealth's Section 218 Agreement and submit such modification to the Social Security Administration (SSA).

### **5) Execution of Modification by SSA**

#### **Interim Period**

**(The following information concerning a interim modification period applies to social security referenda only. Medicare-only referenda will not follow these procedures.)**

Employees who become members of the retirement system after the referendum date but before the execution of the modification by SSA will be given a choice for social security coverage.

During this interim period, the political subdivision will furnish each new member of the retirement system a ballot devised by the DOSS. Failure to properly execute a ballot shall be deemed an election by the member not to be covered.

The political subdivision shall insure that all similarly situated employees are given the same opportunity. The political subdivision shall maintain the executed ballots and compile a summarization to the DOSS. The political subdivision shall transmit the executed ballots and summarization to the DOSS after execution of the modification by SSA and shall maintain a copy of the executed ballots.

#### **Executed Modification**

Upon receipt of an executed modification from SSA, the DOSS shall notify the political subdivision of the date that coverage has been accepted. Services performed in positions of employees who become members of the system after such date shall be covered.

The political subdivision will initiate payment of the applicable taxes, if such payment has not been made, to the IRS based on the appropriate IRS instructions. Generally, a lump sum payment of the social security and/or medicare taxes is due one month after the end of the calendar quarter in which the DOSS is notified in writing by the SSA that the modification for retroactive coverage has been approved. The DOSS will coordinate with the IRS and the political subdivision in making such payment.